Alchemy Resources Limited
ACN 124 444 122

ASX RELEASE

31 JULY 2014

CODE: ALY

BOARD OF DIRECTORS

Mr Oscar Aamodt
Non-Executive Chairman

Ms Sofia Bianchi
Non-Executive Director

Mr Lindsay Dudfield
Non-Executive Director

Mr Anthony Ho
Non-Executive Director

ISSUED CAPITAL

SHARES 185,454,701

OPTIONS 975,000 (Unlisted)

PROJECTS

BRYAH BASIN (80-100%)

MURCHISON (80-100%)

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JUNE 2014 QUARTERLY REPORT

Highlights

BRYAH BASIN PROJECT

- Shallow geochemical drilling returns multiple areas of gold anomalism along Seaborg – Central Bore corridor
- Further shallow geochemical drilling and targeted Aircore drilling planned
- Additional gold targets identified through review of surface geochemistry
- Independence Group (*ASX:* ***IGO***) undertook comprehensive review to prioritise base metal target areas
- Independence commenced moving-loop electromagnetic surveys over Neptune and Churchill prospects
- Aircore drilling of target areas planned for September Quarter

CORPORATE

- Judicious use of funds focussed on cost-effective exploration of gold targets at Bryah Basin
- On-going cost reduction strategies in place

Bryah Basin Project

Alchemy's Bryah Basin Project comprises a 630km^2 ground package, located 130km NE of Meekatharra, Western Australia. The project is located along strike and west of Sandfire Resources' DeGrussa copper-gold mine and east of Resource and Investment NL's Forrest copper-gold project, and adjacent to Peak Hill where about 1Moz of gold has been mined from several deposits (***Figure 1***).

Alchemy holds 100% interest in the landholding with the exception of several tenements held in joint-venture with Jackson Minerals Pty Ltd (20%), a subsidiary of Fe Ltd (*ASX:* ***FEL***).

Leading Australian base metal and gold producer Independence Group NL ("**Independence**") entered in an Agreement to explore and earn an interest in the Company's Bryah Basin Project in early 2014 (*see ASX announcement dated 30 January 2014*). The Agreement covers all commodities, excluding iron ore, and relates to whole and part tenements that cover the base metal prospective part of the Bryah Basin Project (***Figure 1***).

Alchemy retains the remaining gold prospective landholding, including 100% interest in existing gold resources and significant exploration upside. The Bryah Basin Project currently has Indicated Resources of 300,000 oz gold (4.7Mt @ 2.0g/t gold) at Hermes and Wilgeena (*see ASX announcement dated 22 October 2012*).

The Company continues to employ innovative geochemical and geophysical methods in conjunction with drill testing of priority targets to unlock the gold potential across the Bryah Basin Project. In the June Quarter, Alchemy focused near-term exploration objectives on shallow geochemical drill testing two gold mineralised corridors – Seaborg-Central Bore and Hermes-Winchester – as well as undertaking further review of surface geochemistry to delineate additional gold targets in the Bryah Basin.

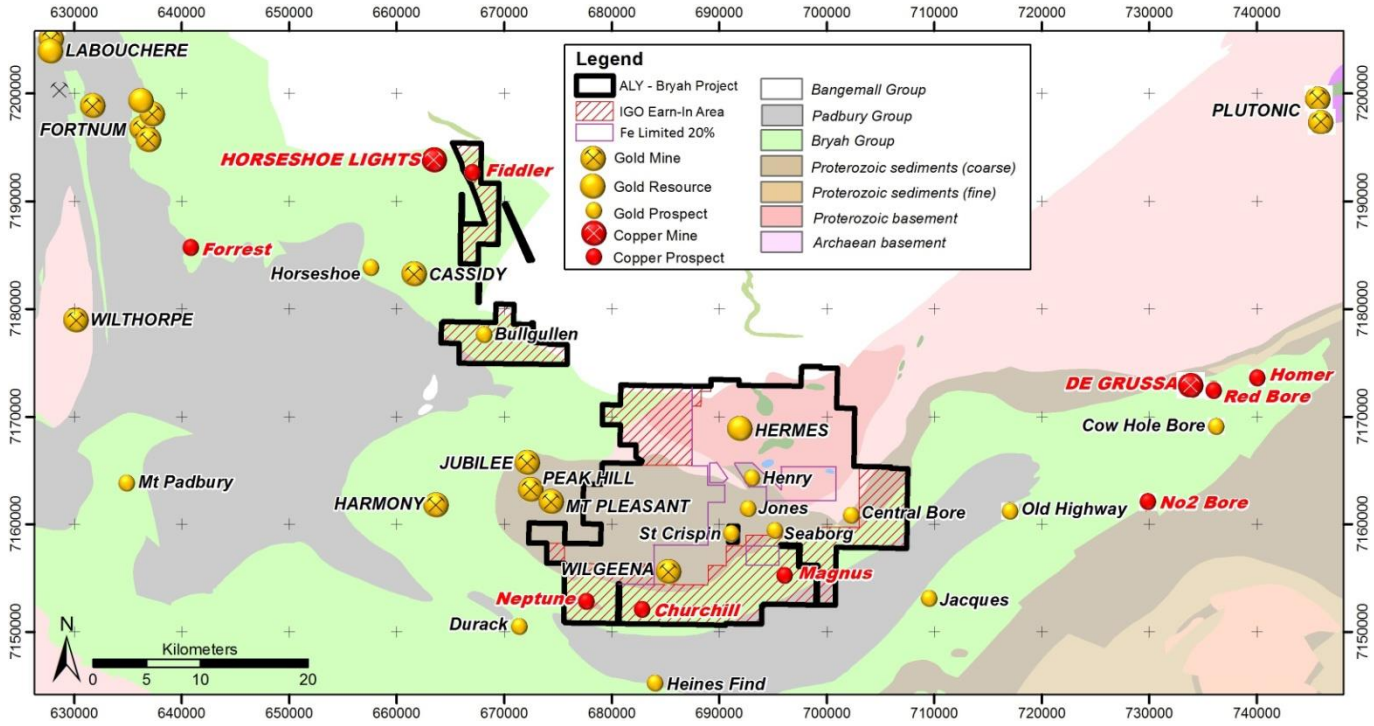

Figure 1: Bryah Basin Project – Alchemy tenements, Independence Joint Venture Area and gold and base metal prospects.

Shallow geochemical drilling

A shallow geochemical drilling program targeting gold mineralisation along the Seaborg-Central Bore and Hermes-Winchester gold mineralised corridors was completed in June 2014 (*see ASX announcement dated 14 July 2014*). Alchemy holds 100% interest in the drill targets.

The program covered two areas each approximately 3.5km east-west by 600-700m north-south and undertaken using a sampling pattern of 200m spaced traverses with 50m spaced holes. The surficial geochemical program collected a single 2m-composite sample of the residual regolith immediately below transported cover. Alchemy considers this method to be more effective than traditional surface soil surveys in areas of transported cover.

The results of the program outlined multiple, coherent gold anomalies in the Seaborg and Winchester areas (***Figures 2 & 3***), with a peak result of 73ppb gold, against background regolith 'noise' of <1.5ppb Au. Anomalous trends are best defined by the +4ppb Au contour, which likely defines the host gold mineralised structures. It is important to note that although the absolute gold anomalism is moderate to low-order, the sample media taken from this drilling is not ideal, as it has been strongly depleted in gold through the regolith forming processes.

At Seaborg, a cohesive, broad gold anomaly is returned over the length of the sampling area, with a series of sub-parallel, linear (>500m) +10ppb gold anomalies (***Figure 2***). In conjunction with interpretation of magnetic images, the geochemical drilling shows a series of discrete parallel mineralised structures (at >15ppb gold) that may have been offset by NW-SE cross-faults. These mineralised structures are coincident with previously identified targets (Targets 1 & 2 particularly), with the Seaborg mineralisation (*see ASX announcement dated 17 April 2014*) representing only one of three mineralised structures.

Based on results to date, the gold anomalous structures in the Seaborg area remain open along strike to the east as well as potentially to the north (***Figure 2***). Further shallow geochemical drilling has the potential to expand the area of gold anomalism outside of the known mineralised corridor and is planned.

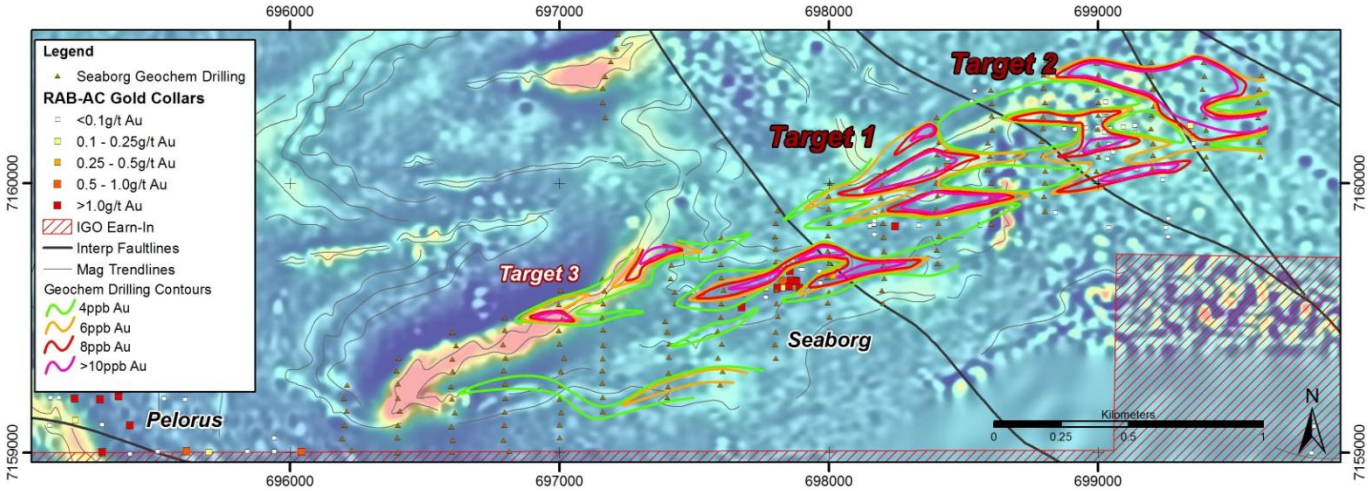

Figure 2: Seaborg – Central Bore mineralisation corridor – Shallow drilling results and Aircore targets over magnetic image.

At Winchester, the shallow geochemical drilling program successfully identified the continuation of geochemically anomalous host-structures continuing to the northeast of Hermes (***Figure 3***). The program returned a cohesive, but weak, gold anomaly passing the length of the drilling area, peaking at 10.1ppb gold. There is also a sporadic sub-parallel trend developed on the northern edge of the drilling pattern.

The results of the program are consistent with geological mapping indicating that the interpreted structural corridor is overlain by transported cover, with the shallow drilling showing up to 8m of transported material in places.

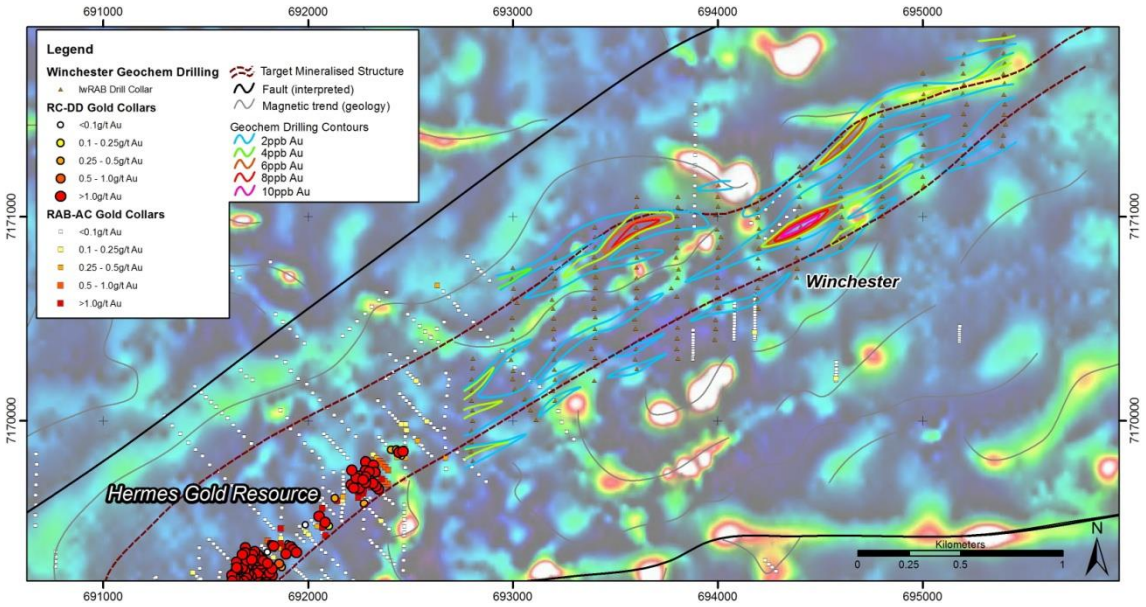

Figure 3: Hermes – Winchester mineralisation corridor – Shallow geochemical drilling results over aeromagnetic image.

Future Work Programs

A pipeline of gold targets requiring further systematic exploration and targeted drilling has been identified in Alchemy's retained gold prospective parts of the Bryah Basin Project.

Gold mineralisation at Hermes, Wilgeena and Seaborg is localised within the multiply-deformed Peak Hill Schist and probably represents an early shear-hosted mineralisation style, typically best developed proximal to major lithological contacts. The mineralised shear-zones are themselves strongly deformed by subsequent folding and faulting and can be 'mapped' from field mapping and interpretation of geophysical data as curved or folded mineralised corridors (***Figure 4***). The deformation has likely led to a strong 'thickening'/plunge control of high-grade mineralisation, resulting in excellent potential for 'blind' mineralisation.

With the exception of Central Bore, all of the areas with known gold mineralisation (e.g., Hermes, Wilgeena) were discovered in 'windows' of outcropping geology using surface geochemistry. Away from these areas, the effectiveness of traditional surface soil surveys has been hampered by widespread, typically thin, transported cover. The potential gold mineralisation corridors which extend under the transported cover have been largely untested for gold mineralisation and represent priority targets for systematic exploration and drill testing.

The results of the shallow geochemical drilling program along the Seaborg-Central Bore and Hermes-Winchester corridors indicates that it is an effective technique to delineate drill targets in areas with thin transported cover. Alchemy plans to undertake additional geochemical drilling programs along interpreted mineralised structures throughout the Project (***Figure 4***).

The interpreted trend of the Seaborg mineralised corridor effectively links the Pelorus mineralisation in the west across to the Central Bore West area straddling the known Seaborg gold mineralisation (***Figure 4***). Towards the Central Bore West area the transported cover becomes deeper, with historic shallow (<12m) drilling largely ineffective. This area contains two targets identified from interpretation of magnetic images and requires Aircore drilling to test the targets effectively.

Alchemy is also planning Aircore drilling over the gold anomalies at the Seaborg and Winchester prospects to test for gold and pathfinder elements in the bedrock below the currently defined footprint, with anomalies identified in the Aircore program to be followed up with RC drilling.

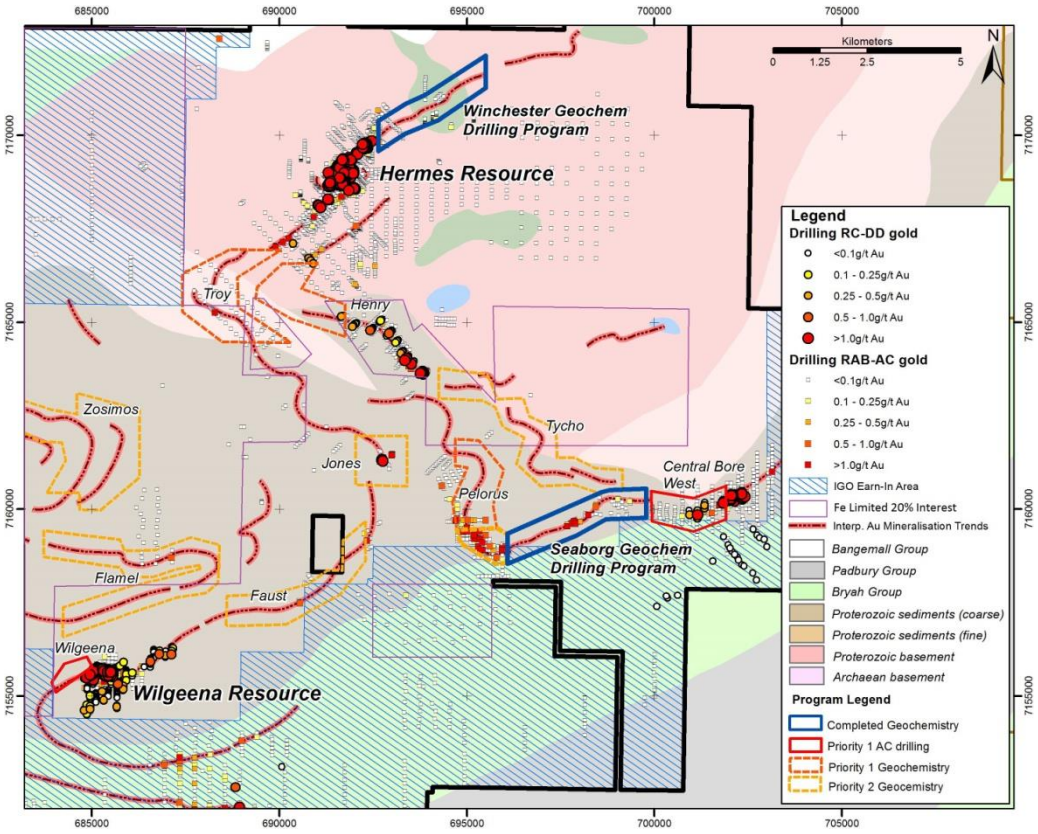

Figure 4: Bryah Basin Project – gold target areas – priority drilling programs outlined over gold mineralisation corridors.

Farm-in Joint Venture with Independence Group

Independence is farming into the base metal prospective parts of the Bryah Basin Project (*see ASX announcement dated 30 January 2014*). Under the terms of the Agreement, Independence may earn between 70% and 80% in the tenements by spending $6.5M on exploration, including a minimum commitment of $0.5M in the first 12 months before it may withdraw.

Independence has extensive VMS exploration and discovery experience through its Jaguar and Stockman projects and is applying the exploration techniques developed at these projects, together with its in-house geophysical expertise, to comprehensively evaluate the prospective Narracoota stratigraphy on the farm-in tenements in the Bryah Basin Project.

Subsequent to the end of the Quarter, Independence commenced the first phase of ground-based exploration activities at the Bryah Basin Project (*see ASX announcement dated 11 July 2014*). The extensive MLEM survey covers the Neptune and Churchill prospects (***Figure 5***) where previous limited exploration has returned broad base metal anomalism and targets defined from single lines of MLEM.

Approximately 43 line km of MLEM covering about five (5) strike-kilometres of the prospective Narracoota sequence is being acquired by Independence over the two areas utilizing its EM system. Identified conductors will be followed up while the geophysical crew are in the area.

Interpretation of the results from the MLEM surveys will be integrated with existing data sets by Independence to identify potential priority exploration targets along the prospective Narracoota volcanic sequence.

Independence have advised that an initial Aircore drilling program testing a number of geochemical and geophysical targets is planned to commence in the September Quarter, once access approvals are in place.

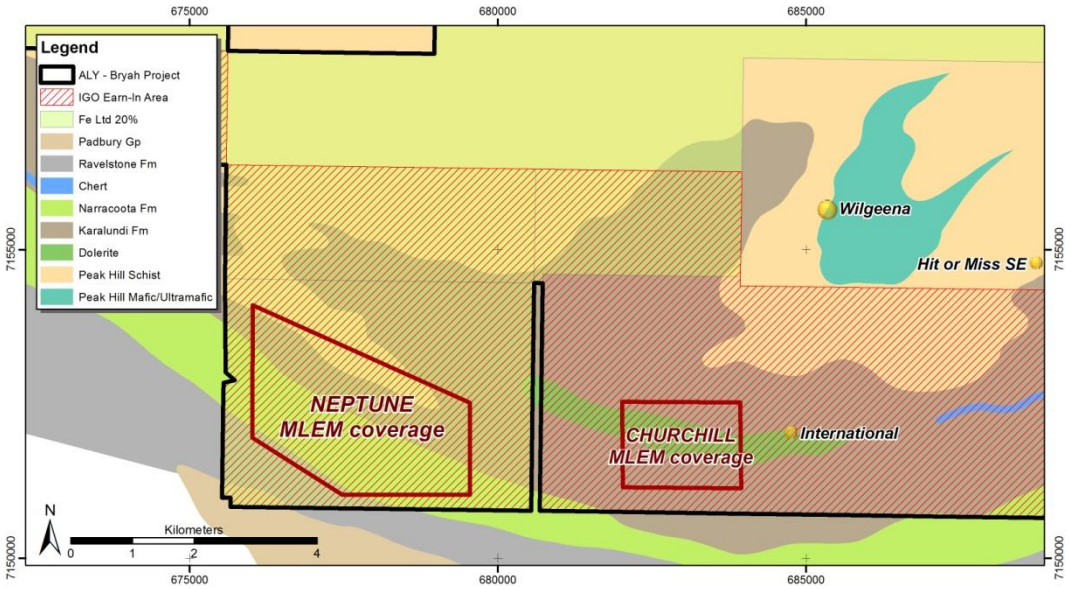

Figure 5: Bryah Basin Project – location of moving-loop electromagnetic surveys at Neptune and Churchill prospects.

Murchison Projects

No exploration was undertaken on the Murchison tenements and following review the Company relinquished many of the project tenements during the Quarter.

Corporate

At 30 June 2014, the Company retained a cash balance of $0.5M and is continuing to carry out its exploration program for high-grade gold deposits on its Bryah Basin landholding.

Alchemy remains focussed on reducing its administration costs wherever possible in order to maximise expenditure on cost-effective gold exploration of the Bryah Basin Project.

The Agreement with Independence represents a substantial financial investment by Independence that reduces Alchemy's financial risks to project advancement. Should a high-value base metal discovery be made, Alchemy retains the right to participate as a 20% partner, an equity position that should deliver significant value to shareholders.

Please direct enquiries to: Mr Oscar Aamodt – Chairman

Dr Kevin Cassidy – Chief Executive Officer

Telephone: +61 8 9481 4400

The information in this report that relates to Exploration Results is based on information compiled by Dr Kevin Cassidy, who is a Fellow of the Australian Institute of Geoscientists and is an employee and security holder of Alchemy Resources Limited. Dr Cassidy has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves'. Dr Cassidy consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources at the Hermes Gold Deposit and Wilgeena Gold Deposit is based on information compiled by Mr Simon Coxhell of CoxsRocks Pty Ltd, who is a Member of the Australian Institute of Geoscientists and a Member of the Australasian Institute of Mining and Metallurgy and is a consultant to Alchemy Resources Limited. Mr Coxhell has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves'. Mr Coxhell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Alchemy confirms that the Indicated Mineral Resource at the Hermes Gold Deposit and Wilgeena Gold Deposit were prepared and first disclosed under JORC 2004. These have not been updated since to comply with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('JORC 2012') on the basis that the information has not materially changed since it was last reported. Alchemy further confirms that since announcing the Indicated Mineral Resource at the Hermes Gold Deposit and Wilgeena Gold Deposit on 22 October 2012, it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

Appendix 1: Schedule of Mining Tenements as at 30 June 2014

Project/Tenement	Location	Interest	Co-holder	Notes
Bryah Basin Project	Western Australia			
E52/1668		80%	Jackson Minerals Pty Ltd	1, 2
E52/1678		80%	Jackson Minerals Pty Ltd	1, 2
E52/1722		80%	Jackson Minerals Pty Ltd	1, 2
E52/1723-I		100%*	PepinNini Robinson Range Pty Ltd	2, 3
E52/1730		80%	Jackson Minerals Pty Ltd	1, 2
E52/1731		100%		2
E52/1810		100%		2
E52/1852		100%		
E52/1881		100%		2
E52/2360		100%		2, 4
E52/2361		100%		4
E52/2362		100%		2, 4
L52/116		100%		
L52/117		100%		
L52/118		100%		
M52/685		100%		4
M52/722		100%		2, 4
M52/723		100%		2, 4
M52/737		100%		4
M52/753		100%		4
M52/795		100%		2, 4
M52/796		100%		4
M52/797		100%		4
M52/844-I		100%		2, 4
M52/1049		100%		4
P52/1167		80%	Jackson Minerals Pty Ltd	1
P52/1168		80%	Jackson Minerals Pty Ltd	1
P52/1195		80%	Jackson Minerals Pty Ltd	1
P52/1196		80%	Jackson Minerals Pty Ltd	1
P52/1199		100%		2
P52/1200		100%		2
P52/1314		100%		4
P52/1315		100%		4
P52/1316		100%		4
P52/1317		100%		2, 4
P52/1318		100%		2, 4
P52/1320		100%		2, 4
P52/1321		100%		4
P52/1322		100%		4
P52/1323		100%		2, 4
P52/1327		100%		4
P52/1365		100%		4
P52/1425		100%		2
P52/1427		100%		2
P52/1428		100%		2
P52/1429		100%		
P52/1467		100%		2
P52/1468		100%		2
P52/1469		100%		2
P52/1470		100%		2

Project/Tenement	Location	Interest	Co-holder	Notes
Murchison Project	Western Australia			
E20/610		80%	Jindalee Resources Ltd	5
E51/1476		100%		

Notes:

1. Jackson Minerals Pty Ltd, a subsidiary of Fe Ltd (ASX: FEL), retains a 20% interest free-carried to a decision to mine.
2. Independence Group NL (ASX: IGO) has a right to explore and earn a 70-80% interest (excludes iron ore) free-carried to a pre-feasibility study.
3. 100% "Other" mineral rights (excludes iron ore); Robinson Range Iron Ore JV – 100% iron ore.
4. 100% minerals rights for all minerals, excluding iron ore; Carey Mining Iron Ore JV – Alchemy Resources 50%, Carey Mining 50% iron ore.
5. Alchemy Resources 80% legal and beneficial interest; in process of being transferred.